



Report to the Secretary on the U.S. Department of Energy's Small Business Programs

Fiscal Year 2004



**Prepared by
Office of Economic Impact & Diversity
Office of Small & Disadvantaged Business Utilization**

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Department of Energy
Annual Report to the Secretary on Small Business Programs
Fiscal Year 2004

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**Department of Energy
Annual Report to the Secretary on Small Business Programs
Fiscal Year 2004**

I. INTRODUCTION

• **Overview**

The Department of Energy's (DOE's), Office of Small and Disadvantaged Business Utilization (OSDBU), Annual Report to the Secretary on Small Business Programs for FY 2004 documents activities taken and goals achieved during the Fiscal Year. Additionally, this report includes the accomplishments of programs within the Department that encourage and focus on small business participation in the area of innovative research and technology transfer.

Small businesses are the backbone of the United States Economy, creating three-fourths of new jobs¹ in recent years, employing a diverse work force, producing a vast array of goods and services, contributing a significant share to the total gross national product, and creating active and lively marketplace presenting business ownership opportunities for many enterprising Americans, including women, minorities, and veterans – particularly in Federal contracting. Federal procurement dollars contribute substantially to the small business community. In FY 2004, over \$80 billion in Federal obligations were placed with small businesses. The Department's share was in excess of \$902 million.

• **Laws and Regulations**

The small business activities at DOE are in response to Federal Statutes, Laws and Regulations, as well as Departmental initiatives as described below:

- The Small Business Act, as amended (*15 U.S.C. 631 et seq.*)
- Section 7102 of the Federal Acquisition Streamlining Act of 1994 (*Public Law 103-355, as amended by Public Law 106-554; 15 U.S.C. 644 note*)
- The HUBZone Act of 1997 (*Public Law 105-135, Title VI*)
- The Veterans Entrepreneurship and Small Business Development Act of 1999 (*Public Law 106-50*).
- DOE Regulations (DEAR) and DOE SB Policy Letter (Exhibit A)

II. DOE MISSION AND ORGANIZATIONAL STRUCTURE

¹ The State of Small Business: A Report of the President. U.S. Small Business Administration.

The Department is organized along four principal missions: National Security, Energy Resources, Science and Technology, and Environmental Quality. Responsibility for implementing these critical national missions is shared among headquarters program offices, area, field and operations offices, national laboratories and technology centers, and power marketing administrations.

A large portion of the DOE operations consist of facilities and national laboratories operated by prime contractors, including management and operating contractors (M&Os), management and integration contracts (M&Is), and environmental restoration and waste management contractors (ERMCs). These contractors are generally large businesses, educational institution and non-profit organizations and represent nearly 90 percent of the DOE procurement base.

III. SMALL BUSINESS INITIATIVES

In order to increase small business prime contracting and enhance its overall small business program, the Department undertook several initiatives designed to establish long-term policies and incrementally increase small business awards over a multi-year cycle. These initiatives are listed below, and are based on the Secretarial Policy Statement on Small Business issued in FY 2002 (Exhibit B), and the FY 2002 Small Business Policy and Strategic Plan which can be viewed at the OSDBU website at: <http://smallbusiness.doe.gov/html/reports.html>.

- **M & O Studies**

Based upon the President's Small Business Agenda to open up contracting to all small businesses, the Secretary's policy on small business and the Budget Language that directed DOE to identify how it might increase its small business contracting, the OSDBU is conducting studies of the M&O contracts.

The contract is being conducted by an 8(a) certified small business contractor and, to date, the below studies have been completed and a report submitted on the findings of these studies to the Senate Energy and Water Development Appropriations Subcommittee.

A copy of the report can be found at <http://smallbusiness.doe.gov/html/reports.html>.

M&O Completed Studies:

- Pacific Northwest Laboratory (PNNL)
- Los Alamos National Laboratory (LANL)
- Oak Ridge National Laboratory (ORNL)
- Brookhaven National Laboratory (BNL)
- Idaho National Energy & Environmental Laboratory (INEEL)
- Strategic Petroleum Reserve (SPRO)
- Fernald Environmental Management Project (FERNALD)
- National Renewable Energy Laboratory (NREL)
- Argonne National Laboratory (ANL)
- Lawrence Livermore National Laboratory (LLNL)
- Lawrence Berkeley National Laboratory (LBNL)

- **Small Business Subcontract Reviews**

Based on the requirements of the Contract Bundling Initiative, the OSDBU in partnership with the Office of Independent Oversight (OIO) initiated a pilot review of five DOE prime contractors. The intent of the review was to ensure that DOE's contractor's small business subcontracting activities are in compliance with the FAR and that the reported activities are properly documented. The report findings indicate that, for the most part, the DOE contractors are in compliance. A copy of the report can be found on the OSDBU website at: <http://smallbusiness.doe.gov/html/reports.html>. Meetings are being held with the individual DOE contractors to establish a corrective action plan for any findings that require action.

- **Small Business Advisory Team**

In order to improve its outreach and target small business, the OSDBU put together a "Small Business Advisory Team". That team is comprised of small business groups, trade associations, Chambers of Commerce and small business entities. The formalization of the membership is accomplished by entering into agreements, Memoranda of Understanding (Exhibit C). Currently, there are Twenty-Seven MOU's.

- **Mentor-Protégé Programs**

The Mentor-Protégé Program is a proven method of increasing the participation of small businesses in the award of DOE prime contracts. DOE is encouraging teaming arrangements for small businesses through both the DOE and SBA Mentor-Protégé Programs. The DOE Mentor Protégé Program is designed to encourage DOE prime contractors (Mentors) to provide business and technical assistance to their protégés. Additionally, the programs seek to foster long-term business relationships between these

small business entities and the DOE prime contractors, in order to increase the overall number of small business contracting with DOE. Currently, DOE has Thirty-Three Mentor Protégé agreements.

- **Contract Bundling**

In October 2002, in response to the President's tasking to develop a strategy to hold agencies accountable for contract bundling practices, the Office of Federal Procurement Policy (OFPP) issued a report entitled: "*Contract Bundling: A Strategy for Increasing Federal Contracting Opportunities for Small Business*". Under recent FAR changes, an annual report is required to be submitted to the Departmental Secretary and to the SBA Administrator to assess the extent to which small businesses are receiving a fair share of Federal procurements, the adequacy of contract bundling documentation, and the justifications and actions taken to mitigate the effect of necessary and justified contract bundling on small business. DOE has, for several years, prepared a report – first under Congressional directive, and for the past three years as an internal management tool. This FY 2004 report will be provided to both the Secretary of Energy and to the SBA Administrator. The action items below reflect the actions taken by DOE in FY 2004 to address contracting bundling in the nine areas recommended by OFPP in its original report.

- **Action Item 1. Ensure accountability of senior agency management for improving contracting opportunities for small businesses.**

The performance plans of senior executives continue to include performance criteria for meeting the small business goals negotiated for his or her organization as do the budget documents for each element.

- **Action Item 2. Ensure timely and accurate reporting of contract bundling.**

Any and all contracts which are proposed for bundling by program elements require the approval of the Deputy Secretary. There were no contracts proposed for bundling by program elements in FY 2004.

In February of 2004, however, SBA identified the Hanford River Corridor Closure draft solicitation as a proposed "bundled contract", and requested that DOE advise them regarding its acquisition strategy including evidence that the proposed acquisition had been coordinated with the Small Business Specialist at the facility and with the DOE OSDBU. DOE's response to SBA was that the acquisition had been coordinated with the OSDBU and that it did not represent a "bundled contract" because the scope of work had not previously been performed under separate smaller prime contracts but rather under a single contract previously awarded to a large business prime contractor.

- **Action Item 3. Require contract bundling reviews for task and delivery orders under multiple award contract vehicles.**

On January 29, 2004, the Office of Procurement presented a learning session on contract bundling. In that session, DOE clarified the definition of contract bundling to include multiple award contract vehicles and task delivered orders.

- **Action Item 4. Require agency review of proposed acquisitions above specified thresholds for unnecessary and unjustified contract bundling.**
DOE AL#2004-03 responses directs the review of contracts.

In November 2004, the Office of Environmental Management (EM) proposed to consolidate three (3) Waste Isolation Pilot Plant (WIPP) contracts into a single contract in the interest of efficiency. The major contract, performing the waste isolation activity, is operated by The Washington Group. The two (2) waste transportation contracts are operated by Bedrock, Inc (a large business), and Cast Specialty Inc. (a small business). Once the proposed acquisition was presented, it was determined to be a “bundled contract”. EM decided not to combine the contracts but to keep them separate.

- **Action Item 5. Require identification of alternative acquisition strategies for the proposed bundling of contracts above specified thresholds and written justification when alternatives involving less bundling are not used.**

The DOE Acquisition Letter #2004-03 has in place procedures for identification of alternative acquisition strategies. There were no contracts proposed for bundling in FY04.

- **Action Item 6. Mitigate the effects of contract bundling by strengthening compliance with subcontracting plans.**

All Departmental prime contractors are required to have a subcontracting plan for contracts awarded over \$1 million for construction and/or \$500,000 for other work. Additionally, all solicitations include instructions and evaluation factors concerning past performance and the extent to which the offeror attained applicable small business goals under prior contracts. For the first time ever, DOE conducted a pilot review of five prime contractors to determine the extent of their compliance with their subcontracting plans.

- **Action Item 7. Mitigate the effects of contract bundling by facilitating the development of small business teams and joint ventures.**

DOE continues to promote and facilitate the development of small business teams and joint ventures using both DOE Mentor-Protégé program and the SBA's 8(a) Mentor-Protégé program. As of FY 2004, DOE entered into Thirty-Three Mentor-Protégé partnerships.

- **Action Item 8. Identify Best Practices for maximizing small business opportunities.**

DOE has reviewed the "best practices" of various OSDBU's throughout the Federal Government, and found its practices to be in line with these practices. (Exhibit D).

- **Action Item 9: Dedicate Agency OSDBU's to the President's Small Business Agenda.**

The OSDBU serves as the official spokesperson for small businesses at DOE, and has been designated to serve on the SBA Small Business Procurement Advisory Council and the Chief Acquisition Council and as the Department's Service Disabled Veteran Business Coordinator under Executive Order 13360.

IV. SMALL BUSINESS PROFILE

The Department focuses its activities on socioeconomic groups as defined in the Small Business Act. Listings of these groups below are:

- **8(a) and Small and Disadvantaged Business**

While DOE has no certification requirements for small business desiring to do business with the DOE, in order to recognize firms as SDB and 8(a), these firms must be certified by SBA.

- **Women Owned Small Business**

Women-owned businesses do not require formal certifications, but are "self-certified". DOE works closely with the SBA's women business programs. Procurement opportunities and guidance for women entrepreneurs can be visited at: <http://www.sba.gov/financing/special/women.html>.

- **HUBZone BUSINESS**

The HUBZone Empowerment Contracting Program is operated by the U.S. Small

Business Administration (SBA), which allows the Federal Government to set-aside contracts for either HUBZone competitive or sole source awards. The program resulted from provisions contained in the Small Business Reauthorization Act of 1997.

- **Service Disabled Veteran**

The Small Business Development Act of 1999 amended the Small Business Act by adding Small Businesses owned and controlled by service-disabled veterans to the categories of small businesses for which the Federal agencies develop prime contract goals. On December 16, 2003, President Bush signed Public Law No. 108-183, *The Veterans Benefits Act of 2003*, which permits contracting officers to restrict competition to small business concerns owned and controlled by SDVB and authorizes sole source awards to SDVB's under certain conditions.

IV. SMALL BUSINESS RESEARCH & TECHNOLOGY PROGRAMS

In addition to the various Small Business procurement initiatives identified above, DOE has a number of research and technology grant programs that directly benefit small businesses. A brief description of each is provided below:

- **Small Business Innovation Research Program (SBIR)**

The SBIR program is managed by the Department's Office of Science, and supports small businesses with strong research capabilities in science or engineering areas critical to Departmental missions. In FY 2004, the SBIR program obligated \$102 million to small businesses to perform research and development of innovative advanced concepts to address scientific or engineering problems.

Of the \$102 million, \$24.5 million supported 247 SBIR Phase I projects in 35 states to address critical needs in the areas of Defense Nuclear Nonproliferation, Biological and Environmental Research, High Energy and Nuclear Physics, Advanced Scientific and Computational Research, Energy Efficiency and Renewable Energy, Nuclear, Basic, Fossil, and Fusion Energy. The Phase I grants will explore the feasibility of the proposed innovations, and companies may apply for Phase II grants in FY 2005 for up to \$750,000 each to continue the research and development effort. Also in FY 2004, DOE selected 116 Phase II grants, which averaged about \$720,000 each. The funds for the Phase II awards are obligated over two fiscal years. For a list of projects, please visit <http://www.science.doe.gov/sbir/newweb/awards.htm>.

- **Small Business Technology Transfer Program (STTR)**

The STTR is a competitively awarded, three-phase Federal Government program,

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designed to stimulate technological innovation and provide opportunities for small business. The STTR is managed by the Office of Science and supports small businesses with strong research capabilities, and issues grants that involve substantial cooperative research collaboration between a small business and a non-profit research institution.

In FY 2004, the Department selected fifty-three (53) projects for Phase I awards, and five projects for Phase II awards under the STTR program. STTR projects were selected to cover a broad spectrum of energy-related research and development in the areas of fossil, nuclear, and renewable energy; energy efficiency; and basic energy sciences.

For a list of projects and additional information, visit: <http://www.science.doe.gov/sbir>.

(The OSDBU is in discussions with the Office of Science to report both the SBIR and STTR programs as contracts; not grants. This change would enable DOE to add these awards to its Prime Contract Awards as part of its Small Business Goals).

- **National Industrial Competitiveness Program (NICP)**

The Department of Energy's Office of Industrial Technology (OIT) sponsors the National Industrial Competitiveness Program through Energy, Environment, and Economics (NICE³). This cost sharing grant program provides funding to state and industry partnerships (large and small businesses) for projects that have the potential to develop and demonstrate advances in energy efficiency and clean production technologies. Industry applicants must submit project proposals through a state energy, pollution prevention, or Business Development office. Industry/State awardees may receive a one-time grant of up to \$525,000 for the proposed project. Grants fund up to fifty percent (50%) of total project costs for up to three years. The industrial partner may receive a maximum of \$500,000.

Please visit: <http://www.eere.energy.gov/wip/program/nice3.htm>

VI. SMALL BUSINESS MARKETING & OUTREACH ACTIVITIES

Department of Energy's Small Business 2004 Press Releases

- "Fifth Annual National Small Business Conference" – Philadelphia, PA, April 2004
- "Energy Department Lauds Small Business Efforts" - May 12, 2004

Department of Energy's 2004 News Articles:

DOE produced and prepared articles and photos for editorial placements on the following

publications including radio interviews and internet chat room presentations.

- *Minority Enterprise Advocate* (MEA) – The Diversity Columns, Top Minority Women in Business; profiles Director and DOE’s Programs, Jan/Feb 2004.
- *Hispanic Network Radio Interview* - Feb. 13, 2004.
- *Veteran’s Business Journal Interview* – April 14, 2004.
- *U.S. Women’s Chamber of Commerce* – “Internet Chat Room” – May 19, 2004.
- *Hispanic Link Newsletter*; DOE 5th SB Conference Announcement, June 21, 2004.
- *Veterans Business Journal* - “DOE is Committed to 3% SDV Goal” July/Aug 2004.
- *Veterans Business Journal* - “On the Scene” DOE SB Conference. Sept/Oct 2004
- *Minority Business Enterprise Magazine* – DOE SB Conference layout.
- *Diversity Journal Magazine* – “Women of Initiatives Profile 2004.
- *Professional Women’s Magazine* – “DOE SB Awards: Small Business Efforts Recognized by the Department of Energy”. Volume 3 Issue 3, 2004.

List of Department of Energy’s Small Business 2004 Ad Placements:

- African American 2004 Year Book Directory
- Asian American 2004 Year Book Directory
- Black Enterprise Magazine - Nov. Issue on “Small Business”
- Business Women’s Network Summit Program
- Hispanic American 2004 Year Book Directory
- Hispanic Business Magazine – May 2004
- Hispanic Business Newsletters/email
- Hispanic Magazine - September 2004
- Indian Report Publication
- Indian Country National Newspaper
- Latina Style Magazine – 2004 Business Series Issues
- Minority Business Enterprise Magazine
- Minority Enterprise Advocate - MBPN
- SBA Success Magazine 2004 Issue
- Tribal Advocate Newsletter
- U.S. Pacific Asian Chamber of Commerce Conference
- Veterans Business Journal
- Women’s Professional Magazine

List of Department of Energy’s Small Business 2004 Website Ad Placements:

- Black Enterprise Magazine - Online Banner
- Hispanic Business Magazine Online Banner

2004 Small Business Outreach Activities:

Promoted the Small Business Conference and “Doing Business with the U.S. Department of Energy” at the following conferences and venues, along with providing Small Businesses promotional materials/displays:

- February 9, 2004 RES 2004 18th Annual National Reservation Summit - Las Vegas
- February 9, 2004 SBA Matchmaker Workshop – Anaheim, CA
- February 26, 2004 NHBA Conference - Washington, DC
- February 23, 2004 DOE Native American Indian Summit – Washington, DC
- March 24-25, 2004 U.S. Hispanic Chamber of Commerce Conference - Austin, TX
- April 7, 2004 U.S. Women’s Chamber of Commerce – Washington, DC
- April 20, 2004 14th Annual OSDDBU Conference – Upper Marlboro, MD
- May 19-21, 2004 SBA 51st Anniversary Business EXPO – Orlando, FL
- July 6-9, 2004 5th Annual DOE SB Conference - Philadelphia, PA
- July 6, 2004 DOE 1st Annual Charity Golf Tournament - Philadelphia, PA
- July 7, 2004 DOE Small Business Advisory Meeting - Philadelphia, PA
- July 22, 2004 Business Women's Network Conference - Las Vegas, NV
- August 5, 2004 NY Federation of Hispanic Chambers & Alliances – New York
- August 13, 2004 U.S. Congressman Joe Baca SB Conference - Ontario, CA
- August 18, 2004 California Black Chamber of Commerce Conference - CA
- September 6, 2004 Minority Enterprise Development Week - Washington, DC
- September 7, 2004 NIBA Conference - Washington, DC
- September 8, 2004 Latina Style Symposium/Panel - Washington, DC
- September 24, 2004 U.S. Contractors Association Conference- Fort Lauderdale, FL
- October 5, 2004 NAPAW / DOI Conference – Washington, DC
- October 5-8, 2004 National Bankers Association Conference – Nashville, TN
- October 7, 2004 USPACC CelebrAsian Conference - Washington, DC
- October 14, 2004 Hispanic Women’s Corporation Conference – Phoenix, AZ
- October 26, 2004 Business Women's Network Panel - Washington, DC
- October 29, 2004 New Mexico MED Program Conference - Albuquerque, NM
- November 16, 2004 MBDA Conference - Washington, DC
- November 16, 2004 Minority Business Conference – Washington, DC
- December 6-9, 2004 GSA SDV Procurement Conference - Hawaii

Small Business Advisory Team

Developed and managed the DOE Small Business Advisory Team. This included

Memoranda of Understanding (MOU's), letters of recruitment, conducting meetings, and promotional activities to Support the Office of Small and Disadvantaged Business Utilization outreach goals.

DOE worked with the Advisory team in the promotion of the 2004 Small Business Conference including earned advertising in:

- GSA Website – www.gsa.gov.
- National Association of Women Business Owners - Womenbiz.gov
- National Women's Business Council
- Savvy Business Magazine, Jul/Aug 2004
- US Indian American Chamber of Commerce
- U.S. Women's Chamber of Commerce
- Women Impacting Public Policy

VII. SMALL BUSINESS ACCOMPLISHMENTS & ACHIEVEMENTS

The OSDBU has actively involved Departmental elements and major prime contractors as well as external organizations in its efforts to accomplish its directives and initiatives. Listed below are some of the activities that contributed to the improvement of small business participation and outreach over the past fiscal year:

- The Reporting/Tracking System (Financial Data Warehouse)
- The Annual Small Business Goaling Process for FY 2004.
- Semi-Annual Forecasts of Contracting and Subcontracting Opportunities
- Participation in Conferences, Procurement Fairs, Workshops/Seminars.
- Placement of Ads and Articles in Numerous Publications
- The Small Business Annual Conference

The Small Business Reauthorization Act of 1997 requires a Government-Wide Small Business goal of 23 percent. The Act provides that individual agency goals can be negotiated with SBA. In FY 2004, DOE negotiated a 5.06 percent goal. DOE fell short of its goal in FY 2004 due to a number of circumstances; such as the withdrawal of security contracts from the pool of contracts being set aside by NNSA and Nuclear Energy for small business (due to the change in policy dealing with security contracts), the delays in awarding EM contracts that had been initiated during FY 2004 into early FY 2005, and the general structure of the department which has left the Department with the majority of its procurement dollars being awarded to large contractors for the operations of its laboratories and facilities.

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Small Business Goals and Achievements
(Dollars in Thousands)

Category	FY 2004 *		FY 2004 **	
	SB Goals		Achievement	
	\$	%	\$	%
Prime Contracting Base	\$18,981,159		\$22,083,169	
Small Business	\$960,447	5.1%	\$902,974	4.1%
Other SDB & 8(a)	\$607,397	3.2%	\$297,318	1.3%
Women-owned Small Business	\$626,387	3.3%	\$124,698	0.6%
HUBZone Businesses	\$284,717	1.5%	\$25,333	0.1%
Service-Disabled Veteran	\$284,717	1.50%	\$9,488	0.04%
Subcontracting Base	\$6,756,799			
Small Business	\$3,378,400	50.0%		
Small Disadvantaged Business	\$1,013,520	15.0%		
Women-owned Small Business	\$675,680	10.0%		
HUBZone Businesses	\$202,704	3.0%		
Service-Disabled Veteran	\$101,352	1.50%		
Total Prime and Subcontracting Small Business Awards	\$4,338,847			

* Goal Percentages Assigned By the Small Business Administration

** The FY 2004 Achievement Numbers are Final from FPDS-NG Administrator
as provided by Paul Coombs, FPDS-NG Administrator

The FY 2004 subcontracting achievement is not available at this time.

In addition to the procurement awards as reported above, DOE had a number of other activities which contributed to the small business community as described in the following chart:

DOE FY 2004 Total Small Business Contributions
(Dollars in Thousands)

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Activity/Programs	Value
Small Business Prime Contracts	\$ 902,974
Small Business Subcontracts	\$ 3,500,000 *
Small Business Innovation Research Program (SBIR)	\$ 102,000
Small Business Technology Transfer Program (STTR)	\$ 12,000
Subtotal	\$ 4,516,974
Bank Deposit Financial Assistance Program <i>Deposits to Minority Banks for loans to small businesses</i>	\$ 256,500
Total	\$ 4,773,474

* The average award has been 3.5 billion over the past two years. DOE has included the average in lieu of the actual figures which are not available for FY 2004 due to the FPDS-NG System.

This concludes the FY 2004 Small Business Report.

VIII. APPENDIX

Exhibit A – Small Business Laws and Regulation
Exhibit B - Small Business Policy and Strategic Plan

Exhibit C – Sample Memorandum of Understanding (MOU)
Exhibit D – Best Practice Chart

Exhibit A

Small Business Operating Authority

Legislative Requirements and Applicable Executive Orders

Public Law 95-507, Chapter 3, Section 221, October 24, 1978 - An Act to Amend the Small Business Act and the Small Business Investment Act of 1958.

Public Law 95-238, the Department of Energy Act of 1978 as amended, requires the DOE to submit an annual report to congress on its small business achievements and activities.

Public Law 100-656, November 15, 1988 - "Business Opportunity Development Reform Act of 1988", Section 501 amends Section 8(a)(12) of the Small Business Act, and requires the agency to publish a procurement forecasts semiannually of DOE's contract opportunities, A Small Business Competitiveness Demonstration Program to determine set-asides status for DIGS quarterly and advise contracting activities and establishes a 5 percent small disadvantaged business and 20 percent small business procurement goal.

Public Law 101-574, November 15, 1990 - "Small Business Administration Reauthorization and Amendments Act of 1990", Section 208, requires the agencies to monitor bundling of contractors which restrict opportunities to small firms.

Public Law 103-355, October 13, 1994 - "Federal Acquisition Streamlining Act", Section 7106, mandates establishment of Government-wide procurement goal of not less than 5 percent of all prime contract and subcontract awards for each fiscal year for small businesses owned by women (WOB).

Public Law 103-403, October 22, 1994 - "Small Business Administration Reauthorization and Amendments Act of 1994", Section 304, requires the establishment of a pilot program to provide improved access to Federal contract opportunities for very small business concerns.

Public Law 102-366, January 3, 1992 - "Small Business Credit and Business Opportunity Enhancement Act of 1992 requires extension of the Small Business Competitiveness Demonstration Program from September 30, 1992 to September 30, 1996.

Public Law 102-486, October 24, 1992 - "Energy Policy Act of 1992", Section 3021, requires the agency contract awards under Act should provide for no less than a 10 percent obligation to small disadvantaged or women owned business, historically Black colleges and universities and colleges and universities having a student body of 20 percent or more Hispanic Americans or Native Americans.

Public Law 100-496, October 17, 1988 - "Prompt Payment Act Amendments of 1988", Section 12., amends Section 15(k) of the Small Business Act and requires OSDBU assistance to small businesses in obtaining late payment and interest penalties.

Public Law 100-533, October 25, 1988 - "Women's Business Ownership Act of 1988", Section 502, requires the agency reporting requirements on first time recipients of contracts.

Public Law 104-106, February 10, 1996 - "Federal Acquisition Reform Act", Section 4302, reserves small business purchase set-asides up to \$100,000.

Public Law 106-50, the Veterans Entrepreneurship and Small Business Development Act of 1999, amended the Small Business Act by adding Small Businesses owned and controlled by service-disabled veterans to the categories of small businesses for which the federal agencies develop prime contract goals.

Executive Order 13170, "Increasing Opportunities and Access for Disadvantaged Businesses," dated October 6, 2000 requires agencies to develop a comprehensive strategic plan for increasing small disadvantaged, 8(a) and minority business enterprise participation in contracting opportunities.

Executive Order 13157, "Increasing Opportunities for Women-Owned Small Business" dated May 25, 2000. This Order reaffirms the Administration's commitment to meeting a five percent goal for Federal government procurement of goods and services from women-owned businesses. The Executive Order directs departments and agencies to take a series of steps to make this goal a reality.

Executive Order 12928, "Promoting Procurement with Small Businesses Owned and Controlled by Socially and Economically Disadvantaged Individuals, Historically Black Colleges and Universities, and Minority Institutions, dated September 16, 1994.

Executive Order 12432, "Minority Business Enterprise Development", dated July 14, 1983.

Executive Order 12138, "Creating a National Women's Business Enterprise Policy and Prescribing Arrangements for Developing, Coordinating and Implementing a National Program for Women's Business Enterprise", dated May 18, 1979.

Executive Order 11625, "Prescribing Additional Arrangements for Developing and Coordinating a National Program for Minority Business Enterprise", dated October 13, 1971.

Executive Order 11458, "Prescribing Arrangements for Developing and Coordinating a National Program for Minority Business Enterprise", dated March 5, 1969.



The Secretary of Energy
Washington, DC 20585

September 23, 2002

MEMORANDUM FOR ALL DEPARTMENTAL ELEMENTS

FROM: SPENCER ABRAHAM *Spencer Abraham*
SUBJECT: Policy Statement on Supporting Small Businesses in
Implementing DOE Missions

Small businesses are the heart of the American economy. Small businesses are often the leaders of innovation and the creators of new technology, new products, and improved business processes.

A priority of this Administration is to enable small businesses to participate fully in Federal contracting. Earlier this year President Bush announced his "Small Business Agenda," which includes: 1) ensuring that Government contracts are open to all small businesses that can supply the Government's needs, and 2) avoiding unnecessary bundling of Government contracts. I fully support these objectives.

To help fulfill these objectives and to promote opportunities for small businesses, I have directed that all departmental elements examine and seek to expand their grant and contract opportunities with small businesses, including small disadvantaged, 8(a), women-owned, service-disabled veteran-owned, and Historically Underutilized Business Zone (HUBZone) businesses. Our efforts should help these businesses to improve their capabilities, experiences, and therefore, strengthen the overall economy of the Nation.

The Office of Small and Disadvantaged Business Utilization (OSDBU) is charged with the management of the Department's small and small disadvantaged business programs and with monitoring performance by the Department in meeting its goals relating to those programs. I have recently tasked the Director of the OSDBU to prepare a Department-wide comprehensive small business strategy to ensure that small businesses are provided the maximum practicable opportunity to participate in departmental programs at the prime contract level. Additionally, I have directed that the plan include a strategy to increase the level and expand the type of subcontracts awarded to small businesses by the Department's facility management contractors.

I am committed to the President's National Policy in support of small businesses and will take a personal interest in examining the progress made by each departmental element at DOE in extending additional and innovative business opportunities to small businesses. I appreciate your support of this initiative.



Exhibit C



MEMORANDUM OF UNDERSTANDING

**BETWEEN
U.S. DEPARTMENT OF ENERGY**

AND

This Memorandum of Understanding (MOU), entered into by the U.S. Department of Energy (DOE), Office of Small and Disadvantaged Business Utilization (OSDBU) and () is based on a mutual interest to identify, foster, and promote contracting opportunities for small business concerns as identified in the Small Business Act.

The parties hereto agree to co-execute this MOU for the purpose of promoting the participation of small business in DOE programs.

1. BACKGROUND

The Small Business Act, as amended, requires establishment of annual contracting goals for small businesses, small businesses owned by socially and economically disadvantaged individuals, women-owned small businesses, qualified HUBZone firms, and small businesses owned by service disabled veterans (15 U.S.C. Section 644(g)).

Executive Order 11625 "Prescribing Arrangements for Developing and Coordinating a National Program for Minority Business Enterprise," and Executive Order 12432 "Minority Business Enterprise Development" mandates that each Federal department develop strategies for including minority business enterprises in contracting opportunities.

The President's Small Business Agenda proposes that the federal government shall provide small businesses with information needed to understand applicable rules and regulations and improved access to government contracts as well as avoid contract bundling.

Secretary of Energy Spencer Abraham has issued a Small Business Policy, directing all DOE Departmental Elements to ensure that small businesses are provided the maximum practicable opportunity to participate in the Department's contracting programs.

2. PURPOSE

The purpose of this MOU is to partner with () to promote and maximize the participation of small and minority businesses in all DOE contracting opportunities including facility management, research and development, and science and technology programs.

3. RESPONSIBILITIES

A. U.S. Department of Energy:

1. Maintain a current Small Business Policy.
2. Establish annual small business goals.
3. Establish Small Business points of contacts at all program elements, field offices and M&O organizations.
4. Review all acquisition requirements for small business opportunities.
5. Maintain a current forecast of business opportunities at the prime and subcontracting level.
6. Conduct and support procurement and small business outreach conferences.
7. Develop and provide a Small Business Resource Directory.
8. Develop a link between DOE Forecast and () websites.
9. Provide on-going Small Business status reports.

B. _____:

1. "Match" DOE procurement opportunities (as provided in DOE forecast, FedBizOpps and "sources sought" requests) to membership.
2. Identify potential barriers to participation in DOE contracts (e.g. finance, bonding, staffing, insurance).
3. Advise DOE on strategies for increasing prime contracting and subcontracting opportunities.
4. Distribute DOE Small Business information and the Resource Directory to membership.
5. Provide input to DOE on small business activities (e.g. conferences, awards, success stories).
6. Participate as a member of the DOE Small Business Advisory Council.

4. COMMUNICATIONS

All notices, communications, and coordination shall be directed as follows:

a. U.S. Department of Energy:

Theresa Alvillar-Speake, Director
Office of Small & Disadvantaged Business Utilization
202.586.8383 Main
202.586.3075 Fax

Yosef Patel, Deputy Director
Office of Small & Disadvantaged Business Utilization
202.586.3993

b. ()

5. EFFECTIVE DATE AND TERM:

This MOU is entered into this ____ day of _____, 2005, by and between the U.S. Department of Energy and (). This MOU will take effect at the time of execution and will remain in effect until either party give a 30 day notice to dissolve or supersede with another MOU.

The MOU shall not be used to obligate or commit funds to carry out the activities of this MOU. The executors of this MOU further represent that they have the authority to enter into this MOU on behalf of their respective Department and/or organization.

Executed by:

Theresa Alvillar-Speake
Director, OSDBU
U.S. Department of Energy

Date

()

Date

OSDBU: Best Practices for increasing Prime and Subcontracts for SBs

Best Practices	Agencies	DOE Practices	Comments
Vendor outreach	Treasury	DOE promotes vendor outreach by attending conferences and trade fairs throughout the country focusing on SBs. DOE has an Annual Small Business conference which has grown to over 3,000 in attendance held in various parts of the country wherein we provide workshops, prominent presenters and face to face meetings between small businesses and DOE procurement officials. DOE participates in SBA "match-making" series throughout the country providing specific program opportunities to be matched with appropriate SBs. DOE also conducts media outreach through advertisement, articles in trade magazines and minority publications, and in radio and television presentations.	
Training of SADBUS	VA	The OSDBU conducts bi-annual meetings and communicates regularly with the DOE/SB managers throughout the country providing updates on SB goals, regulations and policies. All SB managers have a manual on SB policies which is updated on a annual basis. The Procurement Office has developed and maintains an Acquisition Letter process that is available on-line to all SB managers as well as the procurement staff.	
Flexible Approach to assisting SBs	Industry Advisory Council	Because of the nature of DOE's procurements, the emphasis to bring SBs into the contracting process includes both prime and subcontractors. Additionally, the size of the contracts requires that we promote teaming and/or joint venturing among small businesses and/or with large firms. Meetings are held regularly at HQ, and at the field offices both with the OSDBU/SB staff and with program and procurement officials as needed to ensure that SBs are aware of the opportunities as well requirements for contracting with DOE.	
Mentor Protégé Programs	Industry Advisory Council	DOE has a Mentor-Protégé program in place to facilitate the development of relationships between SB and primes contractors. Once small businesses have had the opportunity to be protégés, understand Federal Government contracting, and learned "best practices" from the primes, they are in a better position to become prime contractors themselves. DOE also promotes the SBA Mentor-Protégé program to facilitate the award of its large prime contracts. Many of DOE contracts (because of their size, duration and complexity) are not accessible to SBs unless there is this type of program in place.	
Seek Small Business comments	Industry Advisory Council	The OSDBU has a SB Advisory Team comprised of representatives of various small businesses and trade associations who "advise" on how to best work with the SBs, and provide input on the obstacles to participation on DOE contracts. The team meets on a regular basis in conjunction with	

		the SB managers meetings, DOE conferences and other SB events. The team is also utilized to outreach to SBs.	
Utilization of Pro-net Database	Industry Advisory Council	Pro-net has been absorbed by CCR. DOE/OSDBU has used the current CCR database to develop a customized SB database available to all DOE Program offices and Prime contractors. The data is comprised of small businesses that are either currently doing business with DOE or have expressed interest to do business with DOE. Additionally, the CCR must be used by all procurement staff when conducting market research for a proposed acquisition that is proposed for SB set-aside.	
Market Surveys	Industry Advisory Council	The OSDBU conducts regular market surveys to help develop its SB database. We also will conduct a market survey when approached by a program office to help identify SBs. Additionally, because the majority of the contracts awarded by DOE (up to 90% of all procurement dollars) are going to M&O-FMCs, we have initiated a review of these contracts to determine which of the subcontract work could possibly be pulled out and converted to prime-contracts without compromising the integrity of the projects. These studies have been provided to the designated offices for their use in determining how they will meet their SB goals. The SBs who are current subcontractors can become the prime contractors through the issuance of a new RFP.	
E-commerce	Industry Advisory Council	The Department maintains a website which provides information on various procurement opportunities available at DOE and the requirements for bidding. Additionally, there is a listing of all the SB points of contact at every facility as well as a map of the locations for the DOE facilities and the contacts for those facilities. A SB Forecast is maintained that identifies prime and subcontracting opportunities with a point of contact for each opportunity. This forecast is updated on a quarterly basis. The Department has a system whereby all firms desiring to bid must be registered on the Industry Interactive Procurement System (IIPS). That system allows the firm to receive its bid notices automatically, submit its bid via e-mail, and receive its contract and payment electronically.	
Practices not listed in the attached Federal OSDBU Director's guide to Best Practices for increasing Prime and subcontract dollars to Small Businesses	Exclusive to DOE	To further encourage SB participation, we have introduced annual goaling, which requires that each office at DOE review its annual budget and determine what portion of those procurement dollars will be committed to SB. The goal is broken into socioeconomic goals, which includes 8(a), SDB, Women, HUB, and Service Disabled Veterans. These goals are also broken into quarters, are tracked and "graded" each quarter with under 85% being RED and above being YELLOW and 95% being GREEN. This scoring is designed following the President's Management Agenda. Additionally, all staff that are responsible for procurement actions have within their Performance Standards, a line item for achieving SB goals on which they are evaluated.	